

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 486 - HB 1709

April 3, 2009

SUMMARY OF BILL: Requires the Commissioner of Commerce and Insurance, within one year of the effective date of this bill, to develop minimum efficiency standards for products manufactured or purchased for installation in the state. Defines minimum efficiency standards for certain products. Requires the Commissioner, within six months of the effective date of the bill, to consult with the Attorney General to determine whether a federal waiver is required to establish efficiency standards for residential boilers and furnaces. If a waiver is required, the Commissioner is required to file an application for federal waiver within 12 months of that determination. Prohibits installation of any non-compliant products after the bill has been in effect for one year. Authorizes the Commissioner to develop rules to increase efficiency and to apply for necessary federal waivers for those products regulated by the federal government. Requires the Commissioner to adopt the U.S. Department of Energy approved test methods. Requires that manufacturers test products and certify the test results to the Commissioner. Authorizes the Commissioner to conduct testing of any products that are found to be non-compliant. Requires the Commissioner to investigate complaints and report the findings to the attorney. Violations are punishable by warning on the first violation and a penalty of up to \$250 for each subsequent violation.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - Not Significant

Increase State Expenditures - \$214,900/One-Time

\$1,342,600/Recurring

Assumptions:

- Any revenue collected from the penalties for violations is estimated to be not significant.
- A new section will be created within the Division of Fire Prevention and will be led by a Director of Energy Efficiency. There will be a field office in each of the three grand divisions (Jackson, Nashville, Knoxville). Each office will be led by an Energy Efficiency Inspector Supervisor and

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will employ three energy efficiency inspectors. An executive secretary, attorney, and secretary will be included in the office of the Director. Each energy efficiency inspector will be issued a car.

- One-time increase in state expenditures for new positions is estimated to be \$214,900 (\$31,500 computer costs + \$36,000 office landscaping + \$147,400 vehicles).
- The Division will need 18 positions. These positions will consist of a Director of Energy Efficiency at \$72,896 (\$54,400 salary + \$18,496 benefits), administrative secretary at \$39,128 (\$29,200 salary + \$9,928 benefits), three energy efficiency inspector supervisors at \$185,096.88 (\$46,044 salary + \$15,654.96 benefits x 3), nine energy efficiency inspectors at \$509,703.84 (\$42,264 salary + \$14,369.76 benefits x 9), three secretaries at \$107,572 (\$26,760 salary + \$9,098.40 benefits x 3) and one attorney at \$78,792 (\$58,800 salary + \$19,992 benefits). The recurring increase in state expenditures for the positions is estimated to total \$1,342,591.92 (\$741,188 salaries + \$252,003.92 benefits + \$201,600 administrative cost allocation + \$38,300 computer costs + \$37,300 office lease + \$54,200 vehicle lease + \$18,000 communication and supplies).
- The product testing will be handled through contractual agreements on a case-by-case basis. It is estimated that 20 tests will be conducted each year. The estimated recurring increase to state expenditures for testing equals \$40,000 (20 tests x \$2,000 per test).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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